BRITISH COLUMBIA

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tel (250) 387-0327
fax (250) 387-0329

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highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Department store sales in British Columbia and the two territories increased 9.2%, year-over-year, in April.** Sales in the region have been fairly strong since the beginning of the year, rising 7.9% during the first four months of 1997. Nationally, department store sales were up 9.2% in April, with the largest increases occurring in Ontario and Saskatchewan (both at 12.5%). Alberta (9.9%) was ranked second, followed by BC and the north (9.2%). With the exception of New Brunswick (1.6%), sales were down in all of Atlantic Canada.

  Source: Statistics Canada

- **Consumer bankruptcies in British Columbia were 31% higher in March than in the same month last year.** Business bankruptcies were up 27% from March 1996. However, the increase in business failures followed a sharp drop in the previous month, and business failures during the first three months of the year were only marginally higher (2%) than in the first quarter of last year. Nationally, consumer bankruptcies were up 9% from March 1996, but the number of business failures was 18% lower than last year. *Source: Industry Canada*

- **British Columbia exported $78 million worth of steel products in the first three months of the year.** This was 13% more than in the same period last year. Steel exports have increased by a third since the first quarter of 1995. *Source: BC STATS*

- **Canadian prices for industrial products rose 0.5% between February and March.** However, the increase was due to a higher US dollar, and with the exchange rate factored out, industrial prices remained virtually unchanged for the seventh consecutive month. The overall industrial product price index was 1.6% higher than in April 1996.

  Prices for motor vehicles, softwood lumber, newsprint, and pulp all increased in April. Softwood lumber prices rose 3.4% last month, bringing the total price increase since April 1996 to 22.5%. Newsprint prices also increased between March and April, but remain 23.3% below their peak in February 1996. *Source: Statistics Canada*

Labour Market

- **Average weekly earnings in British Columbia declined 0.6% (seasonally adjusted) between February and March, falling to $608.** Average weekly wages in the province have been declining since the beginning of the year, and earnings in the province are now only 2% above the national average ($595 weekly).

  Weekly earnings were down in most parts of the country, declining 0.3% at the national level. Yukon (1.0%), Alberta and Nova Scotia (both at 0.7%), and Saskatchewan (0.2%) were the only regions where average weekly earnings increased in March. *Source: Statistics Canada*

- **The number of British Columbians receiving regular employment insurance (EI) benefits increased 0.7% (seasonally adjusted) between February and March.** Yukon (2.1%), BC, and the Northwest Territories (0.3%) were the only regions where the number of EI beneficiaries increased in March. Nationally, the number of people receiving EI benefits continued to fall, decreasing 1.1% to 590,730. *Source: Statistics Canada*

- **One in three workers in BC participated in some form of job-related training in 1993.** BC and Alberta (also at 33%) had the highest

Report **Imports catch up to exports as trade surges**

Did you know...?

Steel wire produced in BC was used in the structure of the 13 kilometre-long Confederation Bridge linking Prince Edward Island to New Brunswick, which opens this week.

participation level among the provinces. Manitobans (31%) were also more likely than most other Canadians to participate in training programs. Ontario was slightly above the national average (27%), while workers in Quebec and the Atlantic provinces were less likely to participate in training.

Participation levels increased with the amount of education workers had. Workers with university degrees were twice as likely (40%, compared to 20%) as high school graduates to take some form of further education or training related to their jobs. Only 14% of high school dropouts, and 6% of workers with less than eight years of education participated in job-related training.

Source: Statistics Canada

Agriculture

- **Farm cash receipts in British Columbia were down 5.9% in the first quarter of 1997, relative to the same period last year.** The decline was largely driven by lower crop revenues, which fell for the third consecutive quarter, decreasing 12.5%. Livestock receipts were down only marginally (-0.4%). Nationally, farm cash receipts were also weaker in the first quarter, declining 0.4% from the same period of 1996. Strong livestock sales (+4.1%) helped offset a 4.3% decrease in crop receipts. Canadian receipts were affected by large declines in the value of wheat, barley and corn sales. Despite the decline, grain sales remained above the 1995 level. *Source: Statistics Canada*

Justice

- **More than a third of the criminal cases heard in provincial criminal courts during 1995/96 involved offences such as impaired driving (15%), common assault (12%) and theft (11%).** Eight out of ten people charged were male, and two-thirds were young adults, aged 18-to-34. The types of crimes committed varied among age groups. Younger adults aged 18-to-24 were more likely than older individuals to be charged with property crimes. They were involved in proportionally more property damage/mischief, posses-sion of stolen property, break and enter, drug possession, failure to appear in court and public order cases than any other age group. Older adults were more likely to have been charged with other federal statute violations such as impaired driving. Those aged 55 or more had the highest proportion of impaired driving cases (26% of all cases), while young adults (18 to 24) were least likely (9%) to be charged with this offence. Conversely, drug-related offences were most common (8% of cases) among young adults and least common (2%) among those aged 55 or more. *Source: SC, Juristat Vol 17 #6*

- **There were 6,796 charges, or 1,253 cases against companies during 1995/96.** These included 143 Criminal Code cases, 232 cases involving violations of the Income Tax Act, 27 related to violations of the Customs Act, and 27 violations of the Unemployment Insurance Act.

Source: SC, Juristat Vol.17 #6

Tourism

- **In 1996, overseas residents made 1,020,000 overnight visits to Vancouver, and 339,000 visits to Victoria.** Vancouver was the second most popular destination for overseas visitors in Canada, after Toronto (1,365,000 visits).

  Overseas visitors to BC's two largest cities spent an estimated $762 million in the province ($630 per visit to Vancouver, and $350 per visit to Victoria). Those visiting Vancouver stayed an average of 5 nights, compared to 3 nights for visitors to Victoria. *Source: Statistics Canada*

The Nation

- **The federal government's deficit for 1996/97 was $9.6 billion, down from $24.5 billion in the previous fiscal year.** The improvement in the nation's fiscal situation was largely due to revenue growth. Federal revenues were up 6.9%, to $137.3 billion. Lower program spending (-3.8%) and debt interest charges (-4.1%) also helped to lower the deficit. The federal government's debt stood at $476.7 billion on March 31, up from $469.4 billion twelve months previously.

Source: Federal Department of Finance

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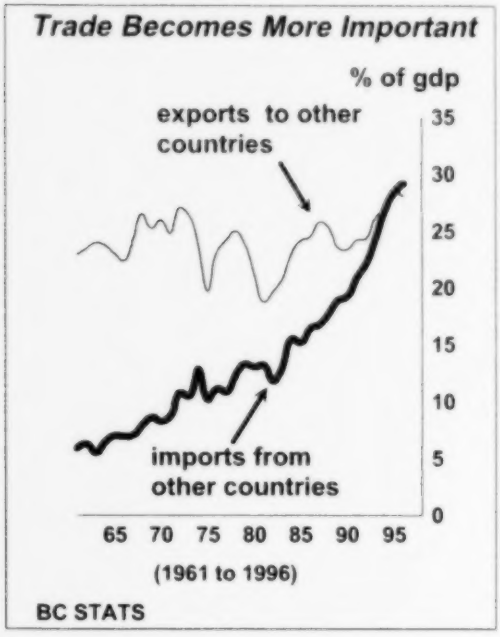
For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Infoline Report:

May 30, 1997

Imports Catch Up to Exports, As Trade Surges in 1990s

Reprinted from the February 1997 issue of *Exports (BC Origin)*. An annual subscription is $60 + GST.



In 1994, and again in 1996, British Columbia's international merchandise imports exceeded the value of its exports, after decades of catching up. The rapid rise of imports has been driven by a fast growing population, pushing demand for imported consumer goods, and by new demands for industrial commodities from a steadily diversifying economy.

Exports have always figured large in the British Columbia economy. From the early 1960's to the late 1980's, they accounted for between 19% to 27% of gross domestic product, the percentage rising or falling mainly with international demand for forestry and mineral products. However, there was no persistent trend to rise above this range until the 1990's, when accelerating globalisation of the world economy, and North American free trade in particular, produced a surge in the province's international trading.

Imports, on the other hand, have been growing faster than the economy for a long time. In 1961, the value was less than 6% of gross domestic product, while exports were 23%. By 1994, imports had risen to 27% of gross domestic product while exports were still in about the same range (26%) as they had been 33 years earlier. Since then both have grown together. By 1996 exports had climbed to 28% of gross domestic product and imports to 29%.

Imports Overtake Exports

One reason for imports to have caught up to exports has been the replacement of finished goods imported from eastern Canada with goods imported from outside Canada. This has been a long term trend that accelerated with North American free trade in the 1990's.

Another reason has been the global increase in international trade affecting Canada and many other countries. Imports of consumer products have grown rapidly, as Canadians in all provinces have developed a taste for foreign made products. For example, between 1990 and 1996, Canadian imports of toys and sports equipment grew 101%; imports of pharmaceuticals grew 188%; and imports of tobacco products grew 259%. By comparison, total Canadian exports grew a relatively modest 83% over the same period.

Rapid population growth has also contributed to rising imports. The number of people in the province grew by 17% between 1990 and 1996, adding 460 thousand new consumers.

Yet another reason for import growth has been diversification into secondary manufacturing. Most of the province's traditional resource processing industries require little in the way of imported raw materials or components. However, many of the fastest growing industries in the 1990's have been secondary manufacturers that are not resource based, and that require a steady supply of imported raw materials or components.

Industrial Importers

Imports have been important to some British Columbia industries for a long time. For example, aluminum smelting at Kitimat has always depended totally on imported ore, and zinc smelting at Trail depends on imported ore for about half of its raw material. Fish canneries

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BCSTATS@fincc04.fin.gov.bc.ca

have sometimes imported Alaskan salmon, and sawmills have imported logs.

In the 1990's, industrial imports have surged with the growth of secondary manufacturing industries. Among these industrial importers were the plastics industry, which grew 22% between 1990 and 1996; the chemical industry which grew 29%; and the electronics industry, which grew 170%. As these industries expanded, the old resource sector shrank 1%.

Secondary manufacturers have proven to be strong exporters, as well as importers. They accounted for 25% of total exports in 1996, up from 18% in 1989. Far more than resource industries, they need to import in order to export.

As more of the province's total exports have been produced by these industries, a link has been established between export growth and import growth. They have also bound the province more closely to its trading partners, as international markets have become essential sources of industrial imports, as well as destinations for exports.

1996 International Trade
As Percent of Gross Domestic Product

	Exports (%)	Imports (%)
British Columbia	28.0	29.2
Alberta	39.3	21.6
Saskatchewan	36.2	25.3
Manitoba	29.0	29.3
Ontario	47.9	48.5
Quebec	32.5	34.2
New Brunswick	27.7	32.5
Nova Scotia	18.7	31.4
Prince Edward Island	13.1	16.1
Newfoundland	38.6	29.1
Canada	38.5	37.1
United States (1995)	8.4	11.1

Source: Provincial Economic Accounts and U.S. Dept. of Commerce

Some Provinces Rely More On Trade Than Others

Among the provinces, British Columbia's dependence on trade is not exceptional. Six provinces export more internationally in relation to the size of their economies than British Columbia, and three provinces export less. By the same relative measure, four provinces import more, and five import less.

The extent to which a province or country depends on trade is suggested by its ratios of exports or imports to gross domestic product.

Small ratios suggest relatively less reliance on trade. For example, the very low trade to gross domestic product ratios for the United States (8% for exports and 11% for imports, in 1995) imply that country is still a relatively self-contained economy and one that is therefore less vulnerable to interruptions in its international trade. This provides some relative advantage in trade negotiations, because the U.S. economy is generally able to absorb changes in its international commerce with less economic shock than would be felt in economies more thoroughly committed to international markets.

British Columbia is far more sensitive than the United States to interruptions in trade, and to changes in export commodity prices. But it is not more sensitive than most other provinces. Taken in relation to the size of its economy, its exports and imports are both lower than the Canadian average.

In 1996, the British Columbia ratios of exports and imports to gross domestic product were 28% and 29%, respectively. The ratios for all of Canada were 39% for exports and 37% for imports.

Ontario had by far the highest ratios of both exports and imports to gross domestic product in Canada. Its exports amounted to 48% of its gross domestic product in 1996. Its imports amounted to 49%.

Ontario's high ratios for both exports and imports reflect the importance of motor vehicle production and other manufacturing activities in its economy. Much of Ontario's manufacturing activity is in industries that are highly integrated across the Canada -United States border. An increase in car exports from Ontario to the United

States, for example, is likely to produce an increase in auto parts imports from the United States, Mexico or Japan.

This integration tends to link export growth to import growth more closely for Ontario than for other provinces.

Exports also accounted for large parts of the economies of Alberta and Saskatchewan. Large exports of natural resource and agricultural products produced two of the highest ratios of exports to gross domestic product in Canada. But with relatively little secondary manufacturing activity to draw in industrial imports, their ratios of imports to gross domestic product were among the lowest in Canada.

In the past, British Columbia's trade pattern has been similar to that of Saskatchewan or Alberta. In the future it is likely to be closer to Ontario's, with both imports and exports growing together, and both becoming more important in terms of the overall economy.

It can also be expected that British Columbia will become more sensitive to changes in international markets, as more of its economy is devoted to producing exports. A six percent drop in provincial exports such as was experienced between 1995 and 1996 would have had more impact if exports had been 49% of gross domestic product, than it did when they were at 29%.

But the likelihood of severe drops in provincial export revenues is growing less year by year. As the province's exports have grown in the 1990's, they have become more diversified, including a higher portion of secondary manufactured goods. This has made them less vulnerable to the wide swings in price and demand that are typical of international markets for natural resource commodities.

Infoline

May 30, 1997

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BC at a glance . . .

POPULATION (thousands)	Jan 1/97	% change on year ago
BC	3,902.5	2.2
Canada	30,135.9	1.1
GROSS DOMESTIC PRODUCT		% change
(BC - at market prices - $ millions)	1996	on year ago
Current Dollars	103,631	1.7
Constant (1986) Dollars	74,001	1.0
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Mar	2,884	11.5
Merchandise Exports (raw) Mar	2,356	11.0
Retail Sales (seasonally adjusted) Mar	2,691	3.3
CONSUMER PRICE INDEX		% change
(all items - 1986=100)	Apr '97	on year ago
BC	139.4	0.6
Canada	137.6	1.7
LABOUR FORCE (thousands)		% change
(seasonally adjusted)	Apr '97	on year ago
Labour Force - BC	2,005	2.1
Employed - BC	1,824	1.4
Unemployed - BC	182	10.0
		Apr '96
Unemployment Rate - BC *(percent)*	9.1	8.4
Unemployment Rate - Canada *(percent)*	9.6	9.5
INTEREST RATES (percent)	May 28/97	May 29/96
Prime Business Rate	4.75	6.50
Conventional Mortgages - 1 year	5.40	6.50
- 5 year	7.35	8.50
US/CANADA EXCHANGE RATE	May 28/97	May 29/96
(avg. noon spot rate) Cdn $	1.3837	1.3715
US $ *(reciprocal of above rate)*	0.7227	0.7291
AVERAGE WEEKLY EARNINGS		% change
(industrial aggregate - dollars)	Mar '97	on year ago
BC	604.23	1.1
Canada	593.82	2.5

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Review

A Partnership Success

As part of program reductions in the face of recent cutbacks the Ministry of Employment and Investment is no longer providing us with the number and scope of capital investments in the province. This listing had been combined with statistical tables and maps and published quarterly by BC STATS as the *Major Projects Inventory*.

Our efforts over the past several months to continue this widely used and important record have finally paid off. In partnership with a private sector firm we will continue to receive and publish the information as before.

Users will reap rewards from this new system as the partner, Jackie Hamilton & Associates, has plans to improve the content and usefulness of the publication. Issue 97-01 of the *Major Projects Inventory*, available now, incorporates the following:

- symbol for newly verified or updated projects
- symbol for new entries
- a table summarizing number of projects listed

In coming issues look for:

- highlights of what's new
- summary tables of types of developments by region
- symbol for elapsed time in *proposed* category
- occasional in-depth profiles of projects

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- Earnings & Employment Trends, February 1997
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- Tourism Room Revenue, January 1997

BC STATS, Min. of Finance & Corporate Relations, Box 9410 Stn Prov Govt, Victoria, B.C. V8W 9V1
Tel: (250) 387-0327 Fax: (250) 387-0329 Web: http://www.bcstats.gov.bc.ca E-mail: BCSTATS@fincc04.fin.gov.bc.ca